

India News

Economy

- VAT Loss: Tamil Nadu claims Rs9.65bn as compensation (Business Line)
- Govt to allocate 16 coal blocks for Ultra Mega Power Projects (Economic Times)

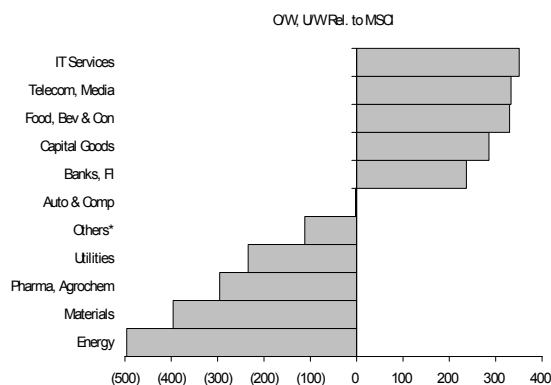
Industry

- Telecom – DOT for major changes in licence regulations; recommendations may encourage consolidation (Business Standard).
- E&P – Govt fine-tuning bidding process for oil, gas blocks (Business Line)
- Aviation – Bangalore International Airport likely to start operations in April 2008; will be able to handle A380 (Business Line)
- Telecom – Department of Telecom may be forced to shell out Rs30bn more for Defence 3G (Economic Times)

Companies

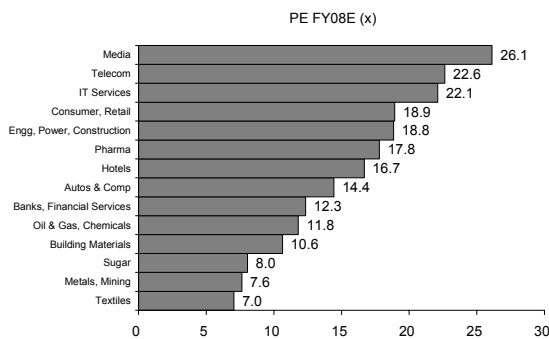
- Reliance Communications – R-com reported to be close to deal with Alctael-Lucent for supply of CDMA equipment (Business Line)

Key Overweights/ Underweights



Source: Citigroup Investment Research

CIR Universe P/E FY08E (x)



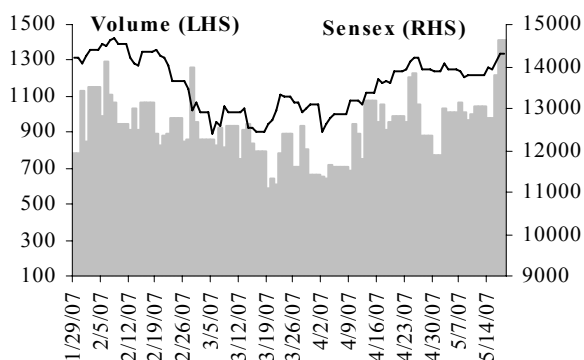
Source: Citigroup Investment Research estimates

Market Snapshot

Performance (%)	1-Day	1-Week	1-Month	3-Month	6-Month	12-Month	YTD	Mkt Volume	
								(Rs Mils.)	(Rs Mils.)
Absolute								BSE	46,970
BSE Sensex	0.03	3.68	5.12	(0.36)	6.51	25.56	3.75	NSE	98,100
CIR India Index	(0.07)	4.48	7.38	9.03	14.94	18.44	13.69	Top Volume*	(Rs Mils.)
Aluminum	(1.14)	(0.91)	3.80	3.32	(2.22)	(15.39)	(0.81)	PARSVNATH	431.6
Auto	(2.45)	(3.83)	(2.03)	(17.33)	(8.69)	(15.58)	(15.27)	DENA BANK	184.6
Banks	0.80	9.00	15.65	7.95	3.67	36.56	4.64	ROLTA IND	795.0
Capital Goods	0.15	4.94	5.04	7.45	16.10	31.25	15.97	IDEA CELL	159.2
Cement	(1.10)	2.88	8.18	(13.60)	(19.05)	9.19	(19.51)	GUJARAT AMBUJA CEMENTS LTD.	243.2
Consumer	(0.24)	2.67	(0.94)	0.42	(10.02)	(15.51)	(6.13)	REL PET	282.1
Hotels	(3.04)	0.95	(1.33)	(3.18)	(3.28)	8.79	(7.71)	INFRA DEVFIN	360.2
IT Services	0.30	0.31	(1.60)	(16.75)	(7.36)	15.55	(13.15)	CAIRN IND	380.3
Media	(1.49)	2.18	8.33	7.68	(13.98)	18.10	(1.47)	IDBI LTD	342.3
Oil & Gas	(0.33)	3.97	5.43	3.46	5.45	1.12	6.67	STEEL AUTHOR	222.7
Petrochemical	0.87	6.86	15.13	20.87	34.34	68.00	33.11	Top Gainers*	Close (Rs)
Pharmaceutical	0.11	1.73	(1.55)	(3.62)	(4.07)	(12.65)	(3.19)	ADANI ENTER	250
Power	(0.93)	1.03	3.17	(4.65)	2.40	1.73	1.62	INFRA DEVFIN	115
Steel	(1.09)	3.13	12.12	25.32	50.58	46.67	44.98	DENA BANK	47
Telecom Equipment	(1.58)	3.55	1.25	(3.04)	(7.23)	0.36	(6.20)	GTL LIMITED	190
Telecom	0.14	4.18	5.94	7.14	40.43	86.72	31.17	MOSER BAER	457
Relative to BSE-30 Sensex								TITAN IND.	1,116
CIR India Index	(0.09)	0.80	2.26	9.39	8.43	(7.12)	9.94	ROLTA IND	464
Aluminum	(1.17)	(4.59)	(1.31)	3.68	(8.73)	(40.95)	(4.56)	BIRLA CORPOR	259
Auto	(2.48)	(7.51)	(7.15)	(16.97)	(15.20)	(41.14)	(19.01)	GMR INFRASTR	483
Banks	0.77	5.32	10.53	8.31	(2.84)	11.00	0.90	BH.EARTH MOV	1,045
Capital Goods	0.12	1.26	(0.08)	7.82	9.59	5.69	12.23	Top Losers*	Close (Rs)
Cement	(1.12)	(0.79)	3.06	(13.24)	(25.55)	(16.37)	(23.26)	BAJAJ AUTO	2,287
Consumer	(0.26)	(1.01)	(6.06)	0.78	(16.53)	(41.07)	(9.88)	EIH LIMITED	100
Hotels	(3.06)	(2.72)	(6.44)	(2.82)	(9.79)	(16.77)	(11.46)	GUJARAT AMBUJA CEMENTS	119
IT Services	0.27	(3.37)	(6.72)	(16.39)	(13.87)	(10.02)	(16.90)	ISPAT INDUST	16
Media	(1.51)	(1.50)	3.21	8.04	(20.49)	(7.46)	(5.22)	STR OPTICAL	205
Oil & Gas	(0.35)	0.29	0.31	3.82	(1.06)	(24.44)	(2.92)	NATIONAL FER	30
Petrochemical	0.85	3.18	10.02	21.23	27.83	42.44	29.36	FERT CHEM	24
Pharmaceutical	0.08	(1.95)	(6.67)	(3.26)	(10.58)	(38.22)	(6.94)	POWER FINAN	149
Power	(0.96)	(2.65)	(1.95)	(4.29)	(4.11)	(23.83)	(2.12)	BOMBAY DYEI	571
Steel	(1.12)	(0.55)	7.00	25.69	44.07	21.11	41.23	DREDDG CORP I	542
Telecom Equipment	(1.61)	(0.12)	(3.87)	(2.68)	(13.74)	(25.20)	(9.95)	*BSE-Group A	
Telecom	0.11	0.50	0.82	7.51	33.92	61.16	27.42	Source: The Economic Times, www.bseindia.com.	

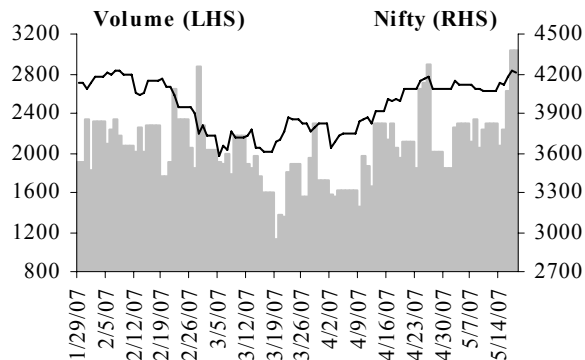
Source: Citigroup Investment Research estimates

BSE-30 – Performance & Volume (US\$ Mils.)



Source: Bloomberg, Citigroup Investment Research estimates

NIFTY – Performance & Volume (US\$ Mils.)



Source: Bloomberg, Citigroup Investment Research estimates

Tata Motors (TAMO.BO)

Buy: 4QFY07 Results In-line With Expectations

Jamshed Dadabhoy

+91-22-6631-9883

jamshed.dadabhoy@citigroup.com

Buy/Low Risk	1L		
Price (18 May 07)	Rs742.75		
Target price	Rs1,029.00		
Expected share price return	38.5%		
Expected dividend yield	2.0%		
Expected total return	40.6%		
Market Cap	Rs284,603M US\$7,062M		
	2006	2007E	2008E
EPS new(Rs)	34.60	45.43	55.57
EPS Growth(%)	0.3	31.3	22.3
P/E	21.5	16.4	13.4
EV/EBITDA	17.0	13.2	11.0
Consensus Data	45.86	na	61.96

Price Performance (RIC: TAMO.BO, BB: TTMT IN)



- **Earnings in-line** — 4Q recurring profits at Rs5.76bn (+32% yoy) were 6% above our estimates. The variance was due to lower depreciation charges, and higher than forecast forex gains. Adjusting for these, results were in-line with estimates.
- **Operating profits disappoint** — EBITDA at Rs9.06bn was up a modest 8% yoy - below our expectations - as higher material costs (steel, aluminum, rubber) continue to bite. A positive trend is that management's cost-cutting initiatives are ahead of expectations – the stated Rs10bn cost-cutting plan (over FY06-08) has almost been fully achieved this fiscal.
- **Product launch program** — Outlined at end FY05, remains on course. TTMT plans to capitalize on emerging growth opportunities in both local and international markets with new platforms for the Indica, the small car platform, as also global truck and pickup platforms among other initiatives. The initiatives with Fiat and Iveco should also provide TAMO with access to newer technologies.
- **De-risking business model** — Targets outlined to de-risk the business from the local cycle include a) increasing the share of international business to 25% of sales by 2010 (currently 18%), b) increasing the share of captive financing of sales to 40% by 2008 from c32% currently, and c) increasing the revenue contribution of non cyclical businesses (currently 24% of consolidated revenues).
- **Reiterate Buy (1L)** — Short-term weakness on margin decline and sedate sales over 1Q present an opportunity to buy. Key risks – rising interest rates, input cost pressures, accelerating capital costs (interest and depreciation).

Dr Reddy (REDY.BO)

Buy: Solid Results; Concerns Overdone

Prashant Nair, CFA

+91-22-6631-9855

prashant.nair@citigroup.com

Buy/Medium Risk	1M		
Price (18 May 07)	Rs665.75		
Target price	Rs803.00		
Expected share price return	20.6%		
Expected dividend yield	0.6%		
Expected total return	21.2%		
Market Cap	Rs111,788M US\$2,774M		
	2007	2008E	2009E
EPS new(Rs)	55.63	34.58	43.99
EPS Growth(%)	359.2	-37.8	27.2
P/E	12.0	19.3	15.1
EV/EBITDA	6.8	10.2	8.0
Consensus Data	na	36.55	43.68

Price Performance (RIC: REDY.BO, BB: DRRD IN)



- **Strong quarter** — 4Q07 PAT beat our estimate by 62%, despite an impairment charge (Rs1.8bn) & disruption of German sales. Net of impairment, PAT was Rs5bn (consensus: Rs2bn). While partly driven by one-offs (higher ondansetron sales & rabeprazole API supply to Teva), core business also beat expectations.
- **Focus on the core** — Core sales (excl acquisitions & “one-offs”) growth of 63% & 25% in 4Q and FY07, respectively, reflects DRL’s progress in broad basing its business across segments and geographies. We expect this momentum to sustain going forward and forecast 13% CAGR in core revenues over FY07-10E.
- **What does Aciphex change?** — DRL’s loss in the Aciphex litigation triggered the recent 7.5% fall in the stock. We believe that this is an overreaction, as the NPV of the opportunity was only cRs15/share in our view. The street exaggerates the impact of Para IV wins/losses on valuations, in our view – while positive for the business, these “one-offs” rarely act as more than trading triggers for the stock.
- **German concerns factored in** — We expect regulatory pressure on pricing to put pressure on the German business. DRL’s renegotiated contract with Hexal, while allowing for earlier sourcing from India (leading to higher gross margins), will also involve higher upfront cost. Our estimates factor this in, as reflected by DRL’s overall GM guidance of 50-52% (vs. our estimate: 50.7%) for FY08.
- **Maintain Buy (1M)** — DRL’s well diversified business and expanding pipeline of products/markets in each segment would drive sustained growth. Besides, its efforts in biosimilars and new drug discovery R&D would throw up valuation & growth drivers beyond the traditional generics opportunity over the longer term.

Jaiprakash (JAIA.BO)

Buy: Cement Delivers, Construction Disappoints

Venkatesh Balasubramaniam

+91-22-6631-9864

venkatesh.balasubramaniam@citigroup.com

Buy/Low Risk	1L		
Price (18 May 07)	Rs671.05		
Target price	Rs674.00		
Expected share price return	0.4%		
Expected dividend yield	0.4%		
Expected total return	0.9%		
Market Cap	Rs146,104M US\$3,625M		
	2006	2007E	2008E
EPS new(Rs)	11.83	16.23	20.82
EPS Growth(%)	11.0	37.2	28.3
P/E	56.7	41.3	32.2
EV/EBITDA	25.1	18.5	15.0
Consensus Data	33.96	23.80	30.50

Price Performance (RIC: JAIA.BO, BB: JPA IN)



- **PAT ahead of estimates** — JPA's 4QFY07 PAT at Rs1.3bn up 56% YoY was 15% ahead of CIR estimates of Rs1.1bn driven by 11.9% margin expansion on sales growth of 3% YoY. Income and cost items for 4QFY06 have been restated.
- **Cement once again the key** — Cement price realizations at Rs3186/tonne were up 41% YoY aiding the 164% YoY growth in cement PBIT. Cement dispatches have been strong at 1.89mn tonnes up 6% YoY further aiding the growth.
- **Bad quarter for construction** — Construction revenues were down 35% YoY. Further PBIT margins at 16% contracted 401bps. JPA has not won any construction order since the Srisailam project. Revenue growth in the next year is contingent on winning of new orders/JPA booking construction revenues on Jaypee Green or Taj Expressway EPC contract.
- **We await clarity on** — (1) Construction order backlog at the end of FY07 (2) Likely date/size/cost of land parcel that is likely to be handed over to JPA now that UP elections are over (3) Developmental plans for the Taj Expressway land (4) Would the Taj Expressway be built in-house or would it be subcontracted? (5) When would the company start booking revenues on Jaypee Greens?
- **Maintain Buy (1L)** — JPA is one of our top picks in the E&C space given the natural hedge of having both construction and cement businesses and a strong presence in real estate, hotels and ownership of power capacity in a power deficit nation.

India Equity Strategy

Margin Trends, Earnings Surprises, Sector Choice

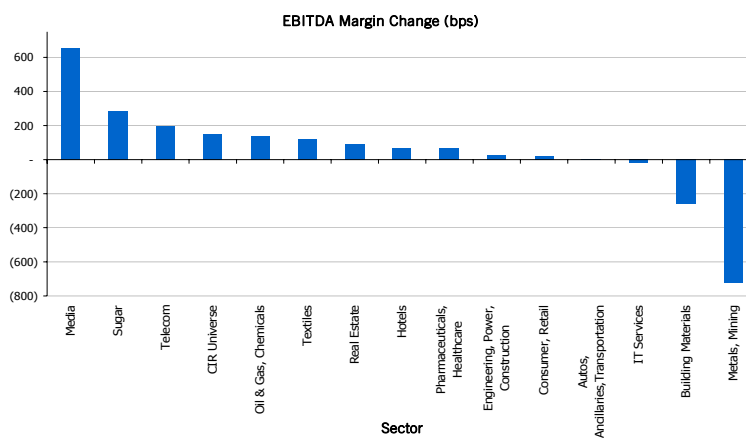
Ratnesh Kumar

+91-22-6631-9888

ratnesh.kumar@citigroup.com

- **Margin surprises can be big drivers of earnings surprises** — Even when consensus gets the direction of margin changes right, the quantum of change can often be under-estimated, leading to earnings surprises and stock performance.
- **As operating leverage runs out, big surprises will be fewer** — We expect overall earnings growth in India to moderate to around 15% over FY07-09, vs. 25-30% in the last 5 years. As aggregate profit growth moderates on lack of operating leverage, the extent of margin and profit surprises will significantly decline.
- **Factors driving margin surprises ahead** — Strong demand growth, cost factors (higher premises and wage costs), impact of higher interest rates and currency appreciation will be the key drivers of margin surprises in FY08. For the Citigroup India coverage universe (138 companies), we expect margins to hold in FY08 and FY09 despite the above challenges.
- **Sectors where we foresee significant margin change** — We expect the biggest margin gainers in FY08 to be Media, Telecoms and Upstream Oil. Not surprising, as these are sectors that structurally have high operating leverage. Significant margin declines are being forecast mainly in the Building Materials and Metals sectors.

India - Sectoral EBITDA Margins Change FY08E over FY07E (bps)



Source: Citigroup Investment Research

Appendix A-1

Analyst Certification

I, Ratnesh Kumar, research analyst and the author of this report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

IMPORTANT DISCLOSURES

Tata Motors (TAMO.BO)

Ratings and Target Price History - Fundamental Research

Analyst: Jamshed Dadabhoy (covered since March 1 2006)



— Covered
 Not covered

Jaiprakash (JAIA.BO)

Ratings and Target Price History - Fundamental Research

Analyst: Venkatesh Balasubramaniam (covered since February 9 2006)



— Covered
 Not covered

Dr. Reddy's (REDY.BO)

Ratings and Target Price History - Fundamental Research

Analyst: Prashant Nair, CFA (covered since February 23 2006)



— Covered
 Not covered

Customers of the Firm in the United States can receive independent, third-party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at <http://www.smithbarney.com> (for retail clients) or <http://www.citigroupgeo.com> (for institutional clients) or can call (866) 836-9542 to request a copy of this research.

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of Dr. Reddy's, Jaiprakash and Tata Motors. This position reflects information available as of the prior business day.

Within the past 12 months, Citigroup Global Markets Inc. or its affiliates has acted as manager or co-manager of an offering of securities of Dr. Reddy's.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Dr. Reddy's, Jaiprakash and Tata Motors.

Citigroup Global Markets Inc. or its affiliates expects to receive or intends to seek, within the next three months, compensation for investment banking services from Tata Motors.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from Dr. Reddy's, Jaiprakash and Tata Motors in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as investment banking client(s): Dr. Reddy's, Jaiprakash and Tata Motors.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: Dr. Reddy's and Tata Motors.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, non-securities-related: Dr. Reddy's, Jaiprakash and Tata Motors.

Citigroup Global Markets Inc. or an affiliate received compensation in the past 12 months from Dr. Reddy's.

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability, which includes revenues from, among other business units, the Private Client Division, Institutional Sales and Trading, and Investment Banking.

The Firm is a market maker in the publicly traded equity securities of Dr. Reddy's.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citigroup Investment Research product ("the Product"), please contact Citigroup Investment Research, 388 Greenwich Street, 29th Floor, New York, NY, 10013, Attention: Legal/Compliance. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at www.citigroupgeo.com. Private Client Division clients should refer to www.smithbarney.com/research. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Historical disclosures (for up to the past three years) will be provided upon request.

Citigroup Investment Research Ratings Distribution

Data current as of 31 March 2007

	Buy	Hold	Sell
Citigroup Investment Research Global Fundamental Coverage (3215)	45%	40%	15%
<i>% of companies in each rating category that are investment banking clients</i>	45%	42%	32%
India -- Asia Pacific (130)	58%	14%	28%
<i>% of companies in each rating category that are investment banking clients</i>	42%	50%	42%

Guide to Fundamental Research Investment Ratings:

Citigroup Investment Research's stock recommendations include a risk rating and an investment rating.

Risk ratings, which take into account both price volatility and fundamental criteria, are: Low (L), Medium (M), High (H), and Speculative (S).

Investment ratings are a function of Citigroup Investment Research's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating.

For securities in emerging markets (Asia Pacific, Emerging Europe/Middle East/Africa, and Latin America), investment ratings are: Buy (1) (expected total return of 15% or more for Low-Risk stocks, 20% or more for Medium-Risk stocks, 30% or more for High-Risk stocks, and 40% or more for Speculative stocks); Hold (2) (5%-15% for Low-Risk stocks, 10%-20% for Medium-Risk stocks, 15%-30% for High-Risk stocks, and 20%-40% for Speculative stocks); and Sell (3) (5% or less for Low-Risk stocks, 10% or less for Medium-Risk stocks, 15% or less for High-Risk stocks, and 20% or less for Speculative stocks).

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

Guide to Corporate Bond Research Credit Opinions and Investment Ratings:

Citigroup Investment Research's corporate bond research issuer publications include a fundamental credit opinion of Improving, Stable or Deteriorating and a complementary risk rating of Low (L), Medium (M), High (H) or Speculative (S) regarding the credit risk of the company featured in the report. The fundamental credit opinion reflects the CIR analyst's opinion of the direction of credit fundamentals of the issuer without respect to securities market vagaries. The fundamental credit opinion is not geared to, but should be viewed in the context of debt ratings issued by major public debt ratings companies such as Moody's Investors Service, Standard and Poor's, and Fitch Ratings. CBR risk ratings are approximately equivalent to the following matrix: Low Risk Triple A to Low Double A; Low to Medium Risk High Single A through High Triple B; Medium to High Risk Mid Triple B through High Double B; High to Speculative Risk Mid Double B and Below. The risk rating element illustrates the analyst's opinion of the relative likelihood of loss of principal when a fixed income security issued by a company is held to maturity, based upon both fundamental and market risk factors. Certain reports published by Citigroup Investment Research will also include investment ratings on specific issues of companies under coverage which have been assigned fundamental credit opinions and risk ratings. Investment ratings are a function of Citigroup Investment Research's expectations for total return, relative return (to publicly available Citigroup bond indices performance), and risk rating. These investment ratings are: Buy/Overweight the bond is expected to

outperform the relevant Citigroup bond market sector index (Broad Investment Grade, High Yield Market or Emerging Market), performances of which are updated monthly and can be viewed at <http://www.sd.ny.ssm.com/> using the "Indexes" tab; Hold/Neutral Weight the bond is expected to perform in line with the relevant Citigroup bond market sector index; or Sell/Underweight the bond is expected to underperform the relevant sector of the Citigroup indexes.

OTHER DISCLOSURES

Citigroup Global Markets Inc. and/or its affiliates has a significant financial interest in relation to Dr. Reddy's. (For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at www.citigroupgeo.com.)

Citigroup Global Markets Inc. or its affiliates beneficially owns 2% or more of any class of common equity securities of Jaiprakash.

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the subject company(ies) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citigroup Investment Research does not set a predetermined frequency for publication, if the Product is a fundamental research report, it is the intention of Citigroup Investment Research to provide research coverage of the/those issuer(s) mentioned therein, including in response to news affecting this issuer, subject to applicable quiet periods and capacity constraints. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in Australia to wholesale clients through Citigroup Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992) and to retail clients through Citigroup Wealth Advisors Pty Ltd. (ABN 19 009 145 555 and AFSL No. 240813), Participants of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in Australia to Private Banking wholesale clients through Citigroup Pty Limited (ABN 88 004 325 080 and AFSL 238098). Citigroup Pty Limited provides all financial product advice to Australian Private Banking wholesale clients through bankers and relationship managers. If there is any doubt about the suitability of investments held in Citigroup Private Bank accounts, investors should contact the Citigroup Private Bank in Australia. Citigroup companies may compensate affiliates and their representatives for providing products and services to clients. If the Product is being made available in certain provinces of Canada by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. The Product may not be distributed to private clients in Germany. The Product is distributed in Germany by Citigroup Global Markets Deutschland AG & Co. KGaA, which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). Frankfurt am Main, Reuterweg 16, 60323 Frankfurt am Main. If the Product is made available in Hong Kong by, or on behalf of, Citigroup Global Markets Asia Ltd., it is attributable to Citigroup Global Markets Asia Ltd., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Product is made available in Hong Kong by The Citigroup Private Bank to its clients, it is attributable to Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. The Citigroup Private Bank and Citibank N.A. is regulated by the Hong Kong Monetary Authority. The Product is made available in India by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400-021. If the Product was prepared by Citigroup Investment Research and distributed in Japan by Nikko Citigroup Ltd., it is being so distributed under license. Nikko Citigroup Limited is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Akasaka Park Building, 2-20, Akasaka 5-chome, Minato-ku, Tokyo 107-6122. The Product is made available in Korea by Citigroup Global Markets Korea Securities Ltd., which is regulated by Financial Supervisory Commission and the Financial Supervisory Service. Hungkuk Life Insurance Building, 226 Shinmunno 1-GA, Jongno-Gu, Seoul, 110-061. The Product is made available in Malaysia by Citigroup Global Markets Malaysia Sdn Bhd, which is regulated by Malaysia Securities Commission. Menara Citibank, 165 Jalan Ampang, Kuala Lumpur, 50450. The Product is made available in Mexico by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, which is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In New Zealand the Product is made available through Citigroup Global Markets New Zealand Ltd., a Participant of the New Zealand Exchange Limited and regulated by the New Zealand Securities Commission. Level 19, Mobile on the Park, 157 Lambton Quay, Wellington. The Product is made available in Poland by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Papierów Wartościowych i Gield. Bank Handlowy w Warszawie S.A. ul. Senatorska 16, 00-923 Warszawa. The Product is made available in the Russian Federation through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No.

135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in Singapore through Citigroup Global Markets Singapore Pte. Ltd., a Capital Markets Services Licence holder, and regulated by Monetary Authority of Singapore. 1 Temasek Avenue, #39-02 Millenia Tower, Singapore 039192. The Product is made available by The Citigroup Private Bank in Singapore through Citibank, N.A., Singapore branch, a licensed bank in Singapore that is regulated by Monetary Authority of Singapore. Citigroup Global Markets (Pty) Ltd. is incorporated in the Republic of South Africa (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in Taiwan through Citigroup Global Markets Inc. (Taipei Branch), which is regulated by Securities & Futures Bureau. No portion of the report may be reproduced or quoted in Taiwan by the press or any other person. No. 8 Manhattan Building, Hsin Yi Road, Section 5, Taipei 100, Taiwan. The Product is made available in Thailand through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 18/F, 22/F and 29/F, 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand. The Product is made available in United Kingdom by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. This material may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. The Product is made available in United States by Citigroup Global Markets Inc, which is regulated by NASD, NYSE and the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013. Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is regulated by Financial Services Authority. Many European regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. The policy applicable to Citigroup Investment Research's Products can be found at www.citigroupgeo.com. Compensation of equity research analysts is determined by equity research management and Citigroup's senior management and is not linked to specific transactions or recommendations. The Product may have been distributed simultaneously, in multiple formats, to the Firm's worldwide institutional and retail customers. The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would be illegal. Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. Advice in the Product has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs.

© 2007 Citigroup Global Markets Inc. Citigroup Investment Research is a division and service mark of Citigroup Global Markets Inc. and its affiliates and is used and registered throughout the world. Citigroup and the Umbrella Device are trademarks and service marks of Citigroup or its affiliates and are used and registered throughout the world. Nikko is a registered trademark of Nikko Cordial Corporation. All rights reserved. Any unauthorized use, duplication, redistribution or disclosure is prohibited by law and will result in prosecution. The information contained in the Product is intended solely for the recipient and may not be further distributed by the recipient. The Firm accepts no liability whatsoever for the actions of third parties. The Product may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the Product refers to website material of the Firm, the Firm has not reviewed the linked site. Equally, except to the extent to which the Product refers to website material of the Firm, the Firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of the Firm) is provided solely for your convenience and information and the content of the linked site does not in anyway form part of this document. Accessing such website or following such link through the Product or the website of the Firm shall be at your own risk and the Firm shall have no liability arising out of, or in connection with, any such referenced website.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST